

**DEPARTMENT OF STATE REVENUE**

**LETTER OF FINDINGS NUMBER: 98-0032P**

**Adjusted Gross Income Tax  
For Calendar Years 1994 and 1995**

NOTICE: Under IC 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

**ISSUE(S)**

I. **Tax Administration**—Penalty

**Authority:** IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

**STATEMENT OF FACTS**

Taxpayer was incorporated in Indiana on October 8, 1975 and audited for calendar years 1994 and 1995 which found that the taxpayer failed to add back property taxes deducted as required by 45 IAC 3.1-1-8(3)(b).

Taxpayer protests the penalty and states it did not intend to underpay the tax due and an outside CPA firm filed the returns.

A review of the prior audit indicates the taxpayer had a no change audit and always added back its modifications.

I. **Tax Administration**—Penalty

**DISCUSSION**

Taxpayer states it did not intend to underpay the tax due and the returns were filed by an outside CPA firm.

Taxpayer was assessed a negligence penalty for failure to add back property taxes totaling \$55,716 in 1995. In 1994 the property tax was added back, therefore the taxpayer was aware of the issue.

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PAGE #2

The department finds that a negligence penalty is proper.

**FINDING**

Taxpayer's protest is denied.